GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:714
ANSWERED ON:26.07.2001
OIL REFINERY AT PARADEEP
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Union Government has asked the State Government of Orissa to provide land infrastructure and tax concession for setting up of Paradeep refinery;

(b) if so, the details of such demands by IOCL;

(c) the response of the State Government in this regard;

(d) the capacity and cost of the refinery; and

(e) the time by which it is likely to start commercial production?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): The sale tax concessions approved by the Orissa Government in December, 1998/August,1999 for the refinery project were subsequently withdrawn in February,2000. To make the project viable and competitive, a package of incentives including issuance of 5% seven year maturity bonds by Indian Oil Corporation Limited (IOCL) to Orissa Government in lieu of sales tax, exemption of central sales tax for 30 years, exemption of entry tax on crude oil and certain other tax incentives during the construction period was submitted to the State Government. The State Government have approved in June, 2001, a package of special incentives for the project.

(d) The Government approved cost of the proposed 9 million metric tonnes per annum refinery project is estimated at Rs.8,270 crore.

(e) The refinery is likely to start commercial production during the year 2004-05.